

RBI snaps 2 months of \$ buys, net-sells \$384 mn in mkt in Jan

Forward book surges \$10.76 billion as central bank picks up dollars

BHASKAR DUTTA
Mumbai, 21 March

The Reserve Bank of India (RBI) net-sold \$384 million in the domestic foreign exchange market in January, snapping two months of dollar purchases by the central bank.

In January, the RBI bought \$12.9 billion and sold \$13.29 billion in the currency market, the central bank's latest Bulletin showed. The RBI's outstanding forward book, however, recorded a spike in January, rising to \$21.73 billion from \$10.97 billion a month ago. An increase in the outstanding forwards book implies dollar purchases in the forwards segment by the RBI.

In January, the rupee appreciated sharply versus the dollar, gaining 0.9 per cent. Towards the end of January, however, the local currency experienced sharp volatility ahead of the Union Budget on February 1 and the US Federal Reserve's policy statement later the same day.

The RBI intervenes in the foreign exchange market through dollar sales or purchases in order to rein in excessive volatility in the exchange rate.

"As of February 2023, India held the fifth largest foreign exchange reserves in the world. India's foreign exchange reserves recorded a decline of \$11.7 billion in February 2023 and stood at \$560.0 billion as on March 10, covering more than nine months of imports projected for 2022-23," the RBI staff wrote in the March 2023 Bulletin.

The RBI's reserves had reduced by \$100 billion from February to September of 2022, partially due to dollar sales as the central bank sought to shield the rupee from excess volatility amid the Ukraine war and the Fed's tightening cycle.

NRI deposit inflows more than double

ABHIJIT LELE
Mumbai, 21 March

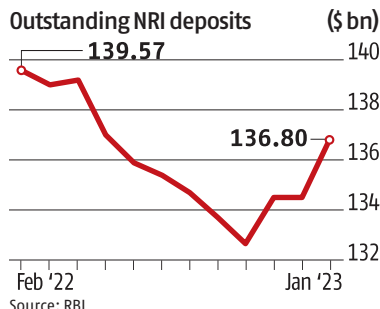
The bank accounts of non-resident Indians (NRIs) received \$5.95 billion during April 2022-January 2023, more than doubling from the \$2.7 billion in the equivalent period in FY22.

Also, breaking the streak of decline in outstanding amounts, NRI deposits rose to \$136.81 billion at the end of January 2023 from \$134.48 billion in December 2022, according to the Reserve Bank of India data.

In March 2022, they were \$139.02 billion. They were stable in December 2022 compared to \$134.6 billion in November 2022. Bankers have said inflows have increased owing to facilities like easing limits on interest rates. However, there was an outflow for purchases during the festival season.

In July, the RBI took steps to enhance

TRACKING THE TREND



inflows into NRI accounts. These were easing caps on interest rates on Foreign Currency Non-Resident (Bank), or FCNR (B), and Non-Resident External (NRE) deposits, and exemption from maintaining the cash reserve ratio and statutory liquidity ratio on incremental deposits until November 4.

MARKET MOVEMENT

Period	Net purchase / sale of \$ by RBI (sale in minus)
Apr 2022	1.9 bn
May 2022	2.0 bn
June 2022	-3.7 bn
July 2022	-19.05 bn
Aug 2022	-4.3 bn
Sept 2022	-10.36 bn
Oct 2022	-922 mn
Nov 2022	4.36 bn
Dec 2022	3.8 bn
Jan 2023	-384 mn

Source: RBI

Outward remittances in Apr-Jan surpass FY22

SUBRATA PANDA
Mumbai, 21 March

Aided by international travel, outward remittances under the Reserve Bank of India's (RBI's) liberalised remittance scheme (LRS) during the April-January period of FY23 has already surpassed the FY22 figure, which was the highest ever in any financial year.

According to data released by the Reserve Bank of India (RBI), in its monthly bulletin for March, outward remittances under the scheme stood at \$22.08 billion during the April-January period.

In January 2023 alone, the amount remitted overseas totalled \$2.72 billion.

This is the highest amount remitted under the scheme in a month during the current financial year. In FY22, Indians had remitted a little over \$19.61 billion overseas under RBI's LRS scheme, which is an all-time high.

In FY21, outward remittances were badly hit as pandemic-related restrictions shut down international travel for a long time.

In FY21, India's remittances stood at \$12.68 billion, down 32.38 per cent from FY20. In FY20, the figure was \$18.76 billion.

IN NUMBERS

Outward remittances under LRS (FY23)

	Amount (\$ mn)
April	2,023.70
May	2,039.26
June	1,984.68
July	1,982.44
August	2,667.81
September	2,671.40
October	1,924.09
November	1,992.70
December	2,068.26
January	2,728.17

TOTAL
22,082.51

Source: RBI Bulletin